

STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF THE NONRENEWAL
OF STATE FARM FIRE AND CASUALTY COMPANY
HOMEOWNERS POLICY NO. 13-BP-V256-4
ISSUED TO: DION BEATTY

Hearing No. 09-HR-1219

TO: Dion Beatty
6617 S. Ingleside Ave., Apt. 2S
Chicago, Illinois 60637-4272

And

State Farm Fire & Cas. Co.
Attention: Joseph Johnson
2702 Ireland Grove Rd.
Bloomington, Il 61709-0001

ORDER

I, Michael T. McRaith, Director of Insurance of the State of Illinois, hereby certify that I have read the Findings of Fact, Conclusions of Law and Recommendations of the Hearing Officer, Louis Butler, heretofore appointed and designated pursuant to Section 402 of the Illinois Insurance Code (215 ILCS 5/402) to conduct a hearing in the above-captioned matter and that I have carefully considered the Findings and Conclusions of the Hearing Officer and that I am advised as to his Recommendations.

I, Michael T. McRaith, Director of Insurance of the State of Illinois, being duly advised in the premises, do hereby adopt the Findings of Fact, Conclusions of Law and Recommendations as my own, and based on them, enter the following Order under the

authority granted to me by Article XXIV and Article IX of the Illinois Insurance Code (215 ILCS 5/401 et seq. and 215 ILCS 5/132 et seq.) and Article X of the Illinois Administrative Procedure Act (5 ILCS 100/10-5 et seq.).

This Order is a Final Administrative Decision pursuant to the Illinois Administrative Procedure Act (5 ILCS 100/1-1 et seq.). Further, this Order is appealable pursuant to the Illinois Administrative Review Law (735 ILCS 5/3-101 et seq.).

IT IS THEREFORE ORDERED THAT:

- 1) The nonrenewal of Mr. Dion Beatty's policy, Policy Number 93-WN-7189-3, issued by State Farm Fire and Casualty was not in violation of the nonrenewal provisions of the Illinois Insurance Code. The nonrenewal of the policy by State Farm Fire and Casualty shall become effective upon the date of this Order, and
- 2) The cost of this Hearing is waived.

DEPARTMENT OF INSURANCE of the
State of Illinois;

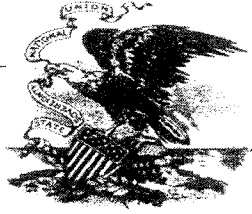
Date 25 February 2010



Michael T. McRaith
Director

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FINDINGS OF FACT, CONCLUSIONS OF LAW AND RECOMMENDATIONS OF THE HEARING OFFICER

The above-captioned matter was called for a hearing in Chicago, Illinois at approximately 10:20 a.m. on January 13, 2010 before Louis Butler, acting as Hearing Officer, pursuant to the designation and appointment of the Director of Insurance of the State of Illinois. State Farm Fire and Casualty (State Farm or Respondent) was represented by Monica Williams who testified on behalf of State Farm. Also, present but not participating were Fatima Areglie, with State Farm Fire and Casualty; and Simone Arthur, with the Illinois Department of Insurance. Dion Beatty, the Complainant, did not attend the Hearing.¹

¹ Shortly after the Hearing ended, the Hearing Officer received a letter from Mr. Beatty, dated January 4, 2010, withdrawing his request for a hearing. The letter is addressed to the Department's office in

Having heard and considered all of the evidence and testimony offered at the aforesaid Hearing and having been otherwise fully advised in the premises the Hearing Officer submits the following Findings, Conclusions and Recommendations to the Director of Insurance.

FINDINGS OF FACT

1. The Respondent is an insurer licensed to write property and casualty insurance in this state. The Petitioner is the owner of a condominium that was under policy number 13-BP-V256-4, located at 6617 S. Ingleside Ave., Apartment 2S, IL (the Condo).
2. On September 21, 2009, the Respondent mailed a Notice of Nonrenewal for Policy Number 13-BP-V256-4 to Mr. Beatty. (Hearing Officer Exhibit # 1).
3. The Notice of Nonrenewal was issued by the Respondent to Mr. Beatty more than sixty (60) days prior to the effective date of the Nonrenewal, which, was to occur on November 20, 2009 and contained the following reason for the Respondent's decision to nonrenew the policy. (Hearing Officer Exhibit # 1).

- This insurance coverage is no longer acceptable to State Farm Fire and Casualty Company because of your overall claim activity. Our records show the following loss(es):

The loss listed by the Respondent is a theft with a claim date of May 27, 2009 in the amount of \$1,634.58.

4. On October 22, 2009, the Department received, from Mr. Beatty, a request for a Hearing alleging that the Respondent's decision to nonrenew Policy Number 13-BP-V256-4 was unfair and discriminatory. (Hearing Officer Exhibit # 2).
5. On November 23, 2009, the Department sent a letter to Mr. Beatty granting a Hearing on the matter and informed the Complainant that he must notify the Department immediately in writing if he no longer wished to pursue the matter.² (Hearing Officer Exhibit # 3).
6. On November 23, 2009, the Department sent a letter informing the Respondent of Mr. Beatty's request for a Hearing. (Hearing Officer Exhibit #3).
7. On December 2, 2009, the Director issued a Notice of Hearing in this matter, pursuant to Mr. Beatty's request, setting a Hearing date, time and location of January 13, 2010 at 10:00 a.m., at the Department's Offices in Chicago, Illinois (Hearing Officer Exhibit # 4).

Springfield and is stamped as received by them on January 11, 2010. The letter was received and stamped by the Department's Chicago office on January 13, 2010.

² The address for the Department's Springfield office is provided in the footer of the letter.

8. On December 2, 2009, the Director issued an Authority to Conduct Hearing appointing Louis Butler as Hearing Officer in this proceeding (Hearing Officer Exhibit # 5).
9. On December 15, 2009, a certified mail receipt which, presumably, was attached to the Department's Notice of Hearing was accepted and signed. The Notice of Hearing was addressed to Mr. Beatty. (Hearing Officer Exhibit # 6).
10. On January 13, 2010, the Hearing in this matter was held and concluded without the appearance of Mr. Beatty. The Hearing Officer was not aware of Mr. Beatty's intention to withdraw his request for a Hearing until after the proceeding had ended.

Ms. Williams testified on behalf of the Respondent as follows:

1. Ms. Williams stated that the insured's policy was set for nonrenewal due to the insured's claim frequency being above average.
2. Ms. Williams testified that sufficient notice of policy termination was given to Mr. Beatty (60 days). Termination was in accordance with Illinois law and the provisions of the policy.
3. The claim amount of \$1,634.58 (listed on Hearing Officer Exhibit # 1) was closed and paid in full.
4. She stated that the average claim frequency is that most policyholders have zero losses within a nineteen-year period. So this particular type of loss or any other loss would be considered an unfavorable loss history because there was a loss in the first term.

CONCLUSIONS

Based upon the above stated Findings of Fact and the Record in this matter the Hearing Officer offers the following Conclusions of Law to the Director of Insurance.

1. The Director of Insurance has jurisdiction of the subject matter and parties to the proceeding.
2. The Complainant, Mr. Beatty, was not present at the Hearing and presented no evidence supporting his contention that the non-renewal by the Respondent of Policy Number 13-BP-V256-4 was unfair and discriminatory.
3. The nonrenewal of Policy Number 13-BP-V256-4 is not contrary to the provisions of the Illinois Insurance Code and is therefore valid.

In its request for a hearing on this matter, Mr. Beatty alleged that the Respondent wrongfully nonrenewed Policy Number 13-BP-V256-4. Section 215 ILCS 5/143.21a states prohibited grounds for nonrenewal of a policy:

215 ILCS 5/143.21a states in pertinent part:

Nonrenewal of Fire and Extended Coverage Policy – Grounds. A policy of fire and extended coverage insurance, as defined in subsection (b) of Section 143.13, may not be nonrenewed for any of the following reasons:

- (a) age of property,
- (b) location of property,
- (c) age, sex, race, color, ancestry, marital status, or occupation of occupants.

215 ILCS 5/143.13 (b) states in pertinent part:

“Policy of fire and extended coverage insurance” means a policy delivered or issued for delivery in this State, that includes but is not limited to, the perils of fire and extended coverage, and covers real property used principally for residential purposes up to and including a 4 family dwelling or any household or personal property that is usual or incidental to the occupancy to any premises used for residential purposes.

The Hearing Officer finds that no evidence was presented in this matter by Mr. Beatty to indicate that Respondent nonrenewed the policy for reasons prohibited by Section 143.21a. The Hearing Officer further finds that the Director has the statutory authority to support a nonrenewal of a policy by an insurer if the reason is not one that is prohibited by the Code.

RECOMMENDATIONS

1. That the nonrenewal of Policy Number 13-BP-V256-4 should stand.
2. That the costs of this hearing be waived.

Date: 1/19/2010

Respectfully submitted,



Louis Butler
Hearing Officer